GOVERNMENT OF INDIA
FINANCE AND COMPANY AFFAIRS
LOK SABHA

UNSTARRED QUESTION NO:2676
ANSWERED ON:07.03.2003
SARBANES- OXLEY ACT OF UNITED STATES
SUDARSANA E.M. NATCHIAPPAN;VINAY KUMAR SORAKE

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether the Reserve Bank of India is planning to introduce an indigenous adoption of Sarbanes-Oxley Act stipulating new reporting standards for auditors and top management professionals in US;

(b) if so, whether the Government feels that top functionaries of banks and financial institutions should be made more accountable to the apex bank; and

(c) if so, the details thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL):

(a) to (c) Reserve Bank of India (RBI) has set up an Internal Working Group to examineauditing and corporate governance issues in banks. The Working Group would look into, among others, issues raised in the Sarbanes-Oxley Act of 2002. RB! had set up the Consultative Group of Directors of Banks/Financial Institutions under the Chairmanship of Dr. A.S.Ganguly to look into the roie of the Boards of banks and financial institutions and make recommendations for making it more effective with a view to minimizing risk and over exposure. The Group has made recommendations aiming at making Directors more accountable. RBI have advised the banks to adopt and implement the recommendations of the Group.